

Message Text

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ORIGIN EA-14

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 229927

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJ: PURPORTED CRUDE OIL DEAL

1. DEPARTMENT CONTACTED NOVEMBER 21 BY DAVID RAINEY OF INTERNATIONAL DEVELOPMENT CORP. IN WASHINGTON, D.C., WHO CLAIMS TO BE BROKERING A FIVE-YEAR CONTRACT TO SUPPLY 200,000 BARRELS A DAY OF INDONESIAN CRUDE OIL TO ANACONDA COMPANY AND TO A MAJOR OIL COMPANY, WHICH IS GULF AT PRESENT. RAINEY SAYS HIS CONTACT IN JAKARTA IS EVERETT MILLS, REPRESENTING FCL ASIAN OIL EXPORTERS LTD. FIRST NATIONAL CITY BANK OF NEW YORK ALSO SAID TO BE INVOLVED IN DEAL. ONLY MILLS, APPARENTLY, HAS ACTUALLY BEEN IN CONTACT WITH INDONESIANS PURPORTING TO HAVE CAPACITY TO SELL OIL ALTHOUGH RAINEY NOT SURE ABOUT ROLE OF FNCB JAKARTA REP CROUSE.

2. RAINEY CLAIMS MILLS HAS TALKED WITH BROWER AND BOSWELL OF EMBASSY ABOUT HIS NEGOTIATIONS.

3. ACCORDING TO RAINEY, MILLS HAS BEEN WORKING 8-9 WEEKS
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ON THIS DEAL WITH A MRS. M.R.F. (ROSE) HEUVELSLAND,

REPORTEDLY SECRETARY TO IBU TIEN, AND WITH A GROUP OF 3-7 GENERALS WHOM MILLS HAS NOT YET FELT FREE TO IDENTIFY BY LETTER OR PHONE TO RAINEY. THEY ARE NAMED, RAINEY SAYS, IN A LETTER OF INTENT TO SUPPLY DATED NOVEMBER 12 AND SIGNED BY ONE S.B. EFFENDIE, IDENTIFIED AS CHAIRMAN OF YAYASAN PEMUDA INDONESIA. DEPT HAS SEEN COPY THIS LETTER, BUT SECTION NAMING INDONESIAN BENEFICIARIES WAS BLANKED OUT.

4. RAINEY REPORTS DEAL OUTLINE AS FOLLOWS: FNCB WOULD DRAW UP AND PLACE IN ESCROW A U.S. DOLS. 120 MILLION LETTER CREDIT IN FAVOR YAYASAN PEMUDA INDONESIA ACCOUNT WITH BANK BUMI DAYA. WITH THIS AS AN EARNEST OF THEIR INTENTIONS EITHER FCL ASIAN OIL EXPORTERS OR INTERNATIONAL DEVELOPMENT CORP. WOULD CONCLUDE FIVE-YEAR SUPPLY CONTRACT WITH INDONESIAN PARTIES; RAINEY'S GROUP WILL INSIST THAT GENERAL IBNU SUTOWO ALSO SIGN FOR PERTAMINA. ONCE CONTRACT SIGNED, FNCB L/C WOULD BE REMOVED FROM ESCROW AND BECOME IMMEDIATELY PAYABLE. UNDERSTANDING WOULD BE THAT GENERALS WOULD GET 59 MILLION DOLS. OF 120 MILLION DOLS., YAYASAN PEMUDA INDONESIA THE REST. FNCB WOULD BE REPAYED AT RATE 2 MILLION DOLS. A MONTH OVER FIVE YEARS BY ANACONDA AND OTHER BUYERS. LATTER WOULD BE PAYING 7 DOLS A BARREL FOR OIL.

5. RAINEY UNAWARE OF MARKETS FROM WHICH PURPORTED 200,000 BARRELS A DAY WOULD BE DIVERTED. PRESUMABLY THIS AMOUNT WOULD COME OUT OF PERTAMINA'S SHARE OF CRUDE OIL PRODUCTION.

6. RAINEY, OF COURSE, WISHES TO KNOW IF INDONESIANS SPEAKING WITH MILLS ACTUALLY HAVE ANY OIL TO SELL. HE HAS BEEN CAUTIONED THAT PERTAMINA AND FOREIGN OIL COMPANIES PRODUCING IN INDONESIA ARE PROPER PARTIES TO SEE.

7. REQUEST EMBASSY COMMENT. KISSINGER

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